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**SUPPLY CHAIN MANAGEMENT  
AND PURCHASING PRINCIPLES**

November 2016

Time: 3 hours



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**CRAFT CERTIFICATE IN SUPPLY CHAIN MANAGEMENT  
CRAFT CERTIFICATE IN COOPERATIVE MANAGEMENT**

**MODULE II**

**SUPPLY CHAIN MANAGEMENT AND PURCHASING PRINCIPLES**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of TWO Sections; A and B.*

*Answer ALL questions in section A and any FOUR questions from section B in the answer booklet provided.*

*Candidates should answer the questions in English.*

**This paper consists of 3 printed pages.**

**Candidates should check the question paper to ascertain that  
all the pages are printed as indicated and that no questions are missing.**

**SECTION A (32 marks)***Answer ALL questions in this section.*

1. Outline **three** disadvantages of using road transport in the distribution of goods in Kenya. (3 marks)
2. State **four** quality features that a purchasing officer should consider when procuring services for an organisation. (4 marks)
3. List **three** documents that a purchasing officer may use when processing payment for a supplier. (3 marks)
4. State **three** advantages of using Fixed Price Method when acquiring material requirements in an organisation. (3 marks)
5. Outline **four** objectives of the supply chain function in an organisation. (4 marks)
6. List **three** methods that a supply chain officer may use to advertise tenders. (3 marks)
7. State **three** negative consequences that may arise from the cancellation of a purchase order. (3 marks)
8. State **three** types of reports that a supply chain officer should make after inspection of goods. (3 marks)
9. Highlight **three** reasons that may have contributed to the use of electronic payment by most organisations. (3 marks)
10. Outline **three** ways that a supply chain officer may use to expedite purchase orders. (3 marks)

**SECTION B (68 marks)***Answer any FOUR questions from this section.*

11. (a) Highlight **six** challenges likely to be faced by an organisation whose distribution system is not properly coordinated. (9 marks)
- (b) Explain **four** factors that a supply chain officer should consider when determining the amount of materials to purchase. (8 marks)
12. (a) Explain **six** likely causes of an overcharge for delivered goods. (9 marks)
- (b) Highlight **four** measures that a supply chain officer should take to ensure timely delivery of supplies. (8 marks)

13. (a) Alpha Company Limited, a manufacturing firm, has not been achieving its purchasing objectives in the past two years. Highlight **six** problems that may have contributed to the trend. (9 marks)
- (b) Explain **four** factors that may influence an organisation to buy its material requirements from local suppliers. (8 marks)
14. (a) Highlight **six** duties performed by an inspection officer in the purchasing department. (9 marks)
- (b) Explain the criteria that a purchasing officer should use when evaluating potential suppliers. (8 marks)
15. (a) Highlight **six** factors that should be considered before a price adjustment is effected by a supplier. (9 marks)
- (b) Describe **four** activities that should be carried out during pre-ordering phase of the purchasing process. (8 marks)

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